

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

SHAN S. TSUTSUI
LT. GOVERNOR
STATE OF HAWAII



JOBIE M. K. MASAGATANI
CHAIRMAN
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE
IN SUPPORT OF

HB 142 HD 1, RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

February 27, 2015

Aloha Chair Luke, Vice-Chair Nishimoto, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) supports this bill which extends the sunset for affordable housing credits to be requested by DHHL and received from each county for units developed on Hawaiian home lands. This is similar to a bill that is part of the Governor's administrative package by request of our department.

Affordable housing credits have afforded the department greater opportunities to gain resources to develop homesteads and, thus, meet our mission to return native Hawaiians to our trust lands. Since Act 141 was passed by the legislature in 2009, this program has been very successful for DHHL. By authorizing the extension of this program, DHHL can continue to form private-public partnerships through the exchange of credits creating resources for the department, and DHHL can earn these resources without requiring any state funds.

Since the last legislative session, our department has executed a memorandum of agreement with the County of Kauai to smooth implementation of this program and to address concerns related to home

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rule previously raised by this county. We are also currently working on a memorandum of agreement with the City and County of Honolulu to achieve the same goal.

Finally, we ask that you consider amending the bill to reflect its original language that repeals the sunset, rather than a six-year sunset extension. This program has proven successful in providing incentive to private sector developers to build affordable homes on Hawaiian home lands and the program should be permanent.

Thank you for your consideration of our testimony. We respectfully urge that you pass this measure.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

February 27, 2015

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Committee Members:

SUBJECT: House Bill No. 142, HD1
Relating to Affordable Housing on Hawaiian Home Lands

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 142, HD1, which would extend until July 1, 2021, the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL). We testified on similar bills in the past, which either proposed to extend the program, or establish it permanently.

The City strongly supports an increase in the inventory of affordable housing units. The City also recognizes the challenges faced by DHHL in fulfilling its obligations to its beneficiaries. However, we testified in opposition to this program at its inception in 2009. This program costs the State of Hawaii nothing. In fact, it creates credit value that DHHL can sell to developers who have an obligation to fulfill affordable housing requirements imposed by the counties. It undermines the ability of the counties to provide new affordable housing to all its residents within county-defined income need groups, on a time schedule commensurate with private sector construction, and in geographic areas where the counties believe affordable housing is needed.

In the six years since this mandatory credit program was adopted as Act 141 (2009, Session Laws of Hawaii), the City and County of Honolulu awarded more than 700 affordable housing credits to DHHL. If this program continues, we expect about 300 more in the near future. These are high figures compared to the total amount of affordable housing otherwise delivered; in high-construction years, the private sector delivers about 600 affordable housing units annually.

The goal should not be to redirect the resources and/or opportunities from one branch of government at the expense of another. We all need to work together in addressing the affordable housing shortage.

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Hawaii State Capitol
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As you may know, the City is focusing on encouraging affordable housing in the rail corridor. This DHHL program dampens the county's ability to do so, in that credits for housing in Nanakuli can substitute for housing that would have been delivered in the corridor. Moreover, the DHHL credits represent single-family dwellings, and the City is promoting denser, "infill," multi-family projects.

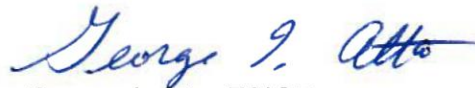
We do have ongoing conversations with DHHL about the opportunities that transit-oriented development (TOD) represents to DHHL in fulfilling its mission, whether as an independent housing developer or in partnership with other developers and landowners. We are encouraged by these conversations in recent months. To allow the credit program to continue would appear to be a disincentive to TOD.

Lastly, please note that DHHL can already participate in our affordable housing program without this credit law. They would receive the same benefits that private housing developers receive. Namely, for qualifying units, the DHHL would receive a higher benefit ratio than 1 credit for 1 housing unit. The credit value is increased for larger units and those that are kept in the affordable sales range for a longer period of time. Units that are located in the rail corridor can also receive bonus credits.

In summary, we believe Act 141 benefits the DHHL at the cost of the counties' programs. It infringes on home rule and the counties' ability to administer their affordable housing programs. If Act 141 cannot be held, we ask that you amend it by making it an optional program, subject to compliance with county programs.

Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in blue ink that reads "George I. Atta". The signature is fluid and cursive, with a stylized "G" and "A".

George I. Atta, FAICP
Director

GIA:ks

COUNTY COUNCIL

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Ross Kagawa, Vice Chair
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Lihu'e, Kaua'i, Hawai'i 96766

February 27, 2015

LATE

TESTIMONY OF JOANN A. YUKIMURA
COUNCILMEMBER, KAUAI COUNTY COUNCIL
HB 142, HD 1, RELATING TO AFFORDABLE HOUSING
ON HAWAIIAN HOME LANDS
House Committee on Finance
Friday, February 27, 2015
1:30 p.m.
Conference Room 308

Dear Chair Luke and Members of the Committee:

Thank you for the opportunity to provide testimony on HB 142, HD 1, Relating to Affordable Housing on Hawaiian Home Lands. I write as an individual councilmember and as the Chair of Kaua'i County Council's Committee on Housing & Transportation. I write in opposition to HB 142, HD 1 which would extend until July 1, 2021 the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL).

The Kaua'i County Council and the Kaua'i County Administration have opposed the bill in the past because it would enable DHHL 1. to take affordable housing obligations that developers have to the County and use those credits for DHHL clients without assurance that those credits will go to help families qualified by county income standards; 2. to use those credits without regard to smart planning or to offsetting housing impacts in the area that was impacted by the development out of which the credits arose; 3. to allow subsequent re-sale of the credits that could allow production of affordable housing to be delayed.

The County of Kaua'i's affordable housing policy and ordinance already allow a certain number of credits to go to DHHL, but only as mutually agreed. Our County Housing Director and his staff have been working in good faith to develop a memorandum of agreement that would govern how credits would be transferred and utilized. I thus strongly oppose HB 142, HD 1 which would allow DHHL to unilaterally usurp housing credits from the counties. If it is not your decision to hold the bill, I request that the bill be amended to require county consent as to how the credits are transferred to Hawaiian homes.

AN EQUAL OPPORTUNITY EMPLOYER

Chair Luke and Members of the Committee


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Thank you for this opportunity to testify.

Sincerely,

A handwritten signature in black ink, reading "Joann A. Yukimura". The signature is written in a cursive, flowing style with a large initial "J".

JOANN A. YUKIMURA

Councilmember, Kaua'i County Council

Chair, Committee on Housing & Transportation